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11 and Debtors in Possession

FILED & ENTERED

NOV 03 2017

CLERK U.S. BANKRUPTCY COURT
Central District of California
BY Ogier DEPUTY CLERK

8 UNITED STATES BANKRUPTCY COURT
9 CENTRAL DISTRICT OF CALIFORNIA
10 SAN FERNANDO VALLEY DIVISION

11 In re:

12 IRONCLAD PERFORMANCE WEAR
13 CORPORATION, a California corporation,

14 Debtor and Debtor in Possession.

15 In re:

16 IRONCLAD PERFORMANCE WEAR
17 CORPORATION, a Nevada corporation,

18 Debtor and Debtor in Possession.

19 Affects both Debtors

20 Affects Ironclad Performance Wear
21 Corporation, a California corporation only

22 Affects Ironclad Performance Wear
23 Corporation, a Nevada corporation only

Lead Case No.: 1:17-bk-12408-MB

Jointly administered with:

1:17-bk-12409-MB

Chapter 11 Cases

**ORDER: (1) APPROVING SALE OF
SUBSTANTIALLY ALL OF THE
DEBTORS' ASSETS FREE AND
CLEAR OF ALL ENCUMBRANCES; (2)
APPROVING THE DEBTORS'
ASSUMPTION AND ASSIGNMENT OF
CERTAIN UNEXPIRED LEASES AND
EXECUTORY CONTRACTS AND
DETERMINING CURE AMOUNTS
AND APPROVING THE DEBTORS'
REJECTION OF UNEXPIRED LEASES
AND EXECUTORY CONTRACTS
WHICH ARE NOT ASSUMED; (3)
WAIVING THE 14-DAY STAY
PERIODS SET FORTH IN
BANKRUPTCY RULES 6004(h) AND
6006(d); AND (4) GRANTING
RELATED RELIEF**

DATE: October 30, 2017

TIME: 10:00 a.m.

PLACE: Courtroom "303"

21041 Burbank Blvd.
Woodland Hills, CA

A hearing was held on October 30, 2017 (the “Sale Hearing”), for the Court to consider approval of the motion (the “Motion”)¹ filed by Ironclad Performance Wear Corporation, a California corporation, and Ironclad Performance Wear Corporation, a Nevada corporation, the debtors and debtors-in-possession (collectively, the “Debtors”) in the above-captioned Chapter 11 bankruptcy cases (collectively, the “Bankruptcy Cases”), seeking an order of the Court (“Sale Order”) approving the Debtors’ sale of substantially all of their assets to Radians Wareham Holding, Inc. (“Radians”) in accordance with the terms of the APA (“Radians APA”) attached as Exhibit “A” to the Declaration of Geoffrey Greulich filed on September 11, 2017 as Docket Number 6 (the “Greulich Declaration”) or to the highest or otherwise best overbidder selected at the Auction (defined below) free and clear of all Encumbrances (defined below). By way of the Motion, the Debtors also requested the Court’s approval of the Debtors’ assumption and assignment to Radians (or the successful overbidder) of those unexpired leases and executory contracts that Radians (or the successful overbidder) wishes to have assigned to it and to reject the balance of such unexpired leases and executory contracts effective as of the sale closing. All capitalized terms which are not defined in this Sale Order shall be deemed to have the same definitions as set forth in the Asset Purchase Agreement between Brighton-Best International, Inc. (“BBI”) and the Debtors (the “APA”). All capitalized terms which are not defined in either this Sale Order or in the APA shall have the definitions set forth in the Motion.

At a continued hearing held on September 25, 2017, the Court granted the Debtors’ bid procedures motion by order entered on September 28, 2017 as Docket Number 71 (the “Bidding Procedures Order”). The Bidding Procedures Order was approved by the Debtors, Radians, the Official Committee of Unsecured Creditors (the “OCUC”) and the Official Committee of Equity Holders (the “OCEH”) that were appointed in these cases. The Bidding Procedures Order

¹ Concurrently with the hearing on the Motion, the Court also held a hearing on that certain *Debtors’ Motion For An Order: (1) Approving Debtors’ Assumption And Assignment Of Additional Executory Contracts And Determining Cure Amounts And Approving Of Debtors’ Rejection Of Those Executory Contracts Which Are Not Assumed And Assigned; (2) Waiving The 14-Day Stay Period Set Forth In Bankruptcy Rule 6006(d); and (3) Granting Related Relief* [Docket No. 125] (the “Additional Contracts Motion”). References in this Sale Order to the Motion include and incorporate the Additional Contracts Motion.

1 explained to prospective overbidders how a prospective overbidder could become qualified to
2 participate in the Auction and how the Auction would proceed in the event that there was one or
3 more qualified overbidders.

4 In accordance with the Bidding Procedures Order, the Debtors conducted an Auction on
5 October 30, 2017. BBI was the winning bidder at the Auction with a purchase price of Twenty-
6 Five Million Two Hundred Fifty Thousand Dollars (\$25,250,000.00) (the “Purchase Price”) to
7 be funded in the manner set forth below in this Sale Order. The Debtors, in consultation with the
8 OCUC and the OCEH, determined that the Purchase Price bid submitted by BBI at the Auction
9 (the “Winning Bid”) was the highest and best bid submitted at the Action and should be
10 approved by the Court.

11 The Court, having considered the Motion and all pleadings filed by the Debtors in
12 support of the Motion and all pleadings filed in response to the Motion; the statements,
13 arguments and representations of the parties made at the Sale Hearing; and the entire record of
14 these cases; and the Court, having determined that the relief sought in the Motion is in the best
15 interests of the Debtors, their estates, their creditors and their shareholders, and that the legal and
16 factual bases set forth in the Motion and presented at the Sale Hearing establish just cause for the
17 relief granted herein; and all objections to the Motion, if any, having been withdrawn or overruled;
18 and after due deliberation and sufficient good cause appearing therefor,

19 **THE COURT HEREBY FINDS AND CONCLUDES THAT:²**

20 A. Jurisdiction and Venue. The Bankruptcy Court has jurisdiction to hear and determine
21 the Motion pursuant to 28 U.S.C. §§ 157 and 1334. This matter relates to the administration of
22 the Debtors’ bankruptcy estates and is accordingly a core proceeding pursuant to 28 U.S.C. §
23 157(b) (2) (A), (M), (N) and (O). Venue of these cases is proper in this District and in the
24 Bankruptcy Court pursuant to 28 U.S.C. §§ 1408 and 1409.

25 _____
26 ² The findings of fact and conclusions of law set forth herein constitute the Bankruptcy Court's
27 findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to
28 these proceedings by Bankruptcy Rule 9014. To the extent any of the following findings
constitute conclusions of law, they are adopted as such. To the extent any of the following
conclusions of law constitute findings of fact, they are adopted as such.

1 B. Statutory Predicates. The statutory predicates for the relief requested in the
2 Motion are (i) Sections 105(a) and 363(b), (f), (k), (l) and (m), 365 of Title 11 of the United
3 States Code (the “Bankruptcy Code”), (ii) Rules 2002(a)(2), 2002(c)(1) and (d), 6004 (a), (b),
4 (c), (e), (f) and (h), 6006(a), (c) and (d), 9006, 9007, 9013 and 9014 of the Federal Rules of
5 Bankruptcy Procedure, and (iii) Local Bankruptcy Local Rules 6004-1 and 9013-1.

6 C. Notice. The Debtors have provided good and sufficient notice with respect to the
7 following: (i) the Motion and the relief sought therein, including the entry of this Sale Order and the
8 transfer and sale of the Purchased Assets, (ii) the Auction and the Sale Hearing, (iii) the selection of
9 the Winning Bid, and (iv) the assumption and assignment of the executory contracts and unexpired
10 leases and proposed cure amounts owing under such executory contracts and unexpired leases (“Cure
11 Amounts”); and no further notice of the Motion, the relief requested therein or the Sale Hearing is
12 required. A reasonable opportunity to object and to be heard regarding the relief provided herein has
13 been afforded to parties-in-interest.

14 D. Compliance with the Auction Procedures. The Auction process implemented by the
15 Debtors was conducted in accordance with the Bidding Procedures Order and was fair, proper, and
16 reasonably calculated to result in the best value received for the Purchased Assets. The Auction
17 process afforded a full, fair, and reasonable opportunity for any party-in-interest to become a
18 qualified bidder and to participate in the Auction. As demonstrated by (i) the testimony and/or other
19 evidence proffered and adduced at the Sale Hearing and (ii) the representations of counsel made on
20 the record at the Sale Hearing, the Debtors have conducted the Auction process in good faith, without
21 collusion and in accordance with the Bidding Procedures Order.

22 E. Highest or Otherwise Best Bid. The Winning Bid constitutes the highest or otherwise
23 best offer for the Purchased Assets, and will provide a greater recovery for the Debtors’ estates than
24 would be provided by any other available alternative. The Debtors’ determination that the Winning
25 Bid constitutes the highest or otherwise best offer for the Purchased Assets constitutes a reasonable,
26 valid and sound exercise of the Debtors’ business judgment, and is in the best interests of the
27 Debtors, their estates, their creditors and their shareholders. The consideration to be paid by BBI for
28 the Purchased Assets is fair and reasonable, is the highest or otherwise best offer therefor, and

1 constitutes reasonably equivalent value and fair consideration under the Bankruptcy Code, the
2 Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act, and the laws of the
3 United States.

4 F. Arm's Length Transaction. The APA and other documents and instruments (the
5 "Transaction Documents") related to and connected with this transaction (the "Transaction") and the
6 consummation thereof were negotiated and entered into by the Debtors and BBI without collusion, in
7 good faith and through an arm's length bargaining process. Neither BBI nor any of its affiliates or
8 representatives is an "insider" of the Debtors, as that term is defined in section 101(31) of the
9 Bankruptcy Code. None of the Debtors, BBI, or their respective representatives engaged in any
10 conduct that would cause or permit the APA, any of the other Transaction Documents or the
11 Transaction to be avoided under section 363(n) of the Bankruptcy Code, or have acted in any
12 improper or collusive manner. The terms and conditions of the APA and the other Transaction
13 Documents, including, without limitation, the consideration provided in respect thereof, are fair and
14 reasonable, and are not avoidable and shall not be avoided, and no damages may be assessed against
15 BBI or any other party, as set forth in section 363(n) of the Bankruptcy Code.

16 G. Good Faith Purchaser. BBI has proceeded in good faith and without collusion in all
17 respects in connection with the sale process, in that: (i) BBI, in proposing and proceeding with the
18 Transaction in accordance with the APA, recognized that the Debtors were free to deal with other
19 interested parties; (ii) BBI agreed to provisions in the APA that would enable the Debtors to accept a
20 higher and better offer; (iii) BBI complied with all of the provisions in the Auction and the Bidding
21 Procedures Order applicable to BBI; (iv) all payments to be made by BBI and other agreements
22 entered into or to be entered into between BBI and the Debtors in connection with the Transaction
23 have been disclosed; (v) the negotiation and execution of the APA and related Transaction
24 Documents were conducted in good faith and constituted an arm's length transaction; and (vi) the
25 APA was not entered into, and the Transaction being consummated pursuant to and in accordance
26 with the APA is not being consummated, for the purpose of hindering, delaying or defrauding
27 creditors of the Debtors. BBI is therefore entitled to all of the benefits and protections provided to a
28 good-faith purchaser under section 363(m) of the Bankruptcy Code. Accordingly, the reversal or

1 modification on appeal of the authorization provided herein to consummate the Transaction shall not
2 affect the validity of the Transaction or BBI's status as a "good faith" purchaser.

3 H. Justification for Relief. Good and sufficient reasons for approval of the APA and the
4 other Transaction Documents and the Transaction have been articulated to the Bankruptcy Court in
5 the Motion and at the Sale Hearing, and the relief requested in the Motion and set forth in this Sale
6 Order is in the best interests of the Debtors, their estates, their creditors and their shareholders. The
7 Debtors have demonstrated through the Motion and other evidence submitted at the Sale Hearing
8 both (i) good, sufficient and sound business purpose and justification and (ii) compelling
9 circumstances for the transfer and sale of the Purchased Assets as provided in the APA outside the
10 ordinary course of business, and such action is an appropriate exercise of the Debtors' business
11 judgment and in the best interests of the Debtors, their estates, their creditors and their shareholders.

12 I. Free and Clear. In accordance with sections 363(b) and 363(f) of the Bankruptcy
13 Code, the consummation of the Transaction pursuant to the Transaction Documents will be a legal,
14 valid, and effective transfer and sale of the Purchased Assets and will vest in BBI, through the
15 consummation of the Transaction, all of the Debtors' right, title, and interest in and to the Purchased
16 Assets, free and clear of all liens, claims, encumbrances, and other interests of any kind or nature
17 whatsoever (collectively, "Encumbrances"). The Debtors have demonstrated that one or more of the
18 standards set forth in section 363(f)(1)-(5) of the Bankruptcy Code have been satisfied. All holders
19 of Encumbrances in the Purchased Assets are adequately protected by having their respective
20 Encumbrances attach to the net sale proceeds attributable to the Purchased Assets to the extent any
21 such Encumbrances existed as of the Petition Date and subject to the terms of such Encumbrances
22 with the same validity, force and effect, and in the same order of priority, which such Encumbrances
23 had against the Purchased Assets as of the Petition Date, subject to any rights, claims and defenses
24 the Debtors or their estates may possess with respect thereto.

25 J. Prompt Consummation. The Debtors have demonstrated good and sufficient cause to
26 waive the stay requirement under Bankruptcy Rules 6004(h) and 6006(d). Time is of the essence in
27 consummating the Transaction, and it is in the best interests of the Debtors and their estates to
28 consummate the Transaction within the timeline set forth in the Motion and the APA.

1 K. Assumption of Executory Contracts and Unexpired Leases. The Debtors have
2 demonstrated that it is an exercise of their sound business judgment to assume and assign to BBI the
3 Currently Identified Designated Contracts (as defined and identified in paragraph 14 below) and to
4 the extent subsequently identified by BBI pursuant to paragraph 15 below, the Subsequently
5 Identified Designated Contracts (as defined in paragraph 15 below) (the Currently Identified
6 Designated Contracts and the Subsequently Identified Contracts are collectively referred to herein as
7 the “Designated Contracts”) in connection with the consummation of the Transaction, and the
8 assumption and assignment of the Designated Contracts is in the best interests of the Debtors and
9 their estates.

10 L. Cure/Adequate Assurance. Through the payments to be made at the Closing, BBI
11 will have cured, or will have provided adequate assurance of cure upon Closing, of any default
12 existing prior to the Closing under any of the Designated Contracts, within the meaning of 11 U.S.C.
13 § 365(b)(1)(A), by payment of the amounts and in the manner set forth below. BBI has provided or
14 will provide adequate assurance of future performance of and under the Designated Contracts within
15 the meaning of 11 U.S.C. § 365(b)(1)(C). Pursuant to 11 U.S.C. § 365(f), the Designated Contracts
16 to be assumed by the Debtors and assigned to BBI under the APA shall be assigned and transferred
17 to, and remain in full force and effect for the benefit of, BBI notwithstanding any provision in such
18 Designated Contracts prohibiting their assignment or transfer. The Debtors have demonstrated that
19 no other parties to any of the Designated Contracts has incurred any actual pecuniary loss resulting
20 from a default prior to the Closing under any of the Designated Contracts within the meaning of 11
21 U.S.C. § 365(b)(1)(B). Pursuant to 11 U.S.C. § 365(f), the Designated Contracts to be assumed by
22 the Debtors and assigned to BBI at the Closing shall be assigned and transferred to, and remain in
23 full force and effect for the benefit of, BBI notwithstanding any provision in such contracts or other
24 restrictions prohibiting their assignment or transfer.

25 M. Rejection of Executory Contracts and Unexpired Leases. The Debtors have
26 demonstrated that it is an exercise of their sound business judgment to reject all of their executory
27 contracts and unexpired leases which are not part of the Designated Contracts effective as of the
28 Closing, subject only to that set forth in paragraphs 17 and 28 below.

1 N. Legal and Factual Bases. The legal and factual bases set forth in the Motion and at
2 the Sale Hearing establish just cause for the relief granted herein.

3 **NOW THEREFORE, IT IS HEREBY ORDERED THAT:**

4 1. The relief requested in the Motion is GRANTED and APPROVED in all respects to
5 the extent provided herein.

6 2. All objections with regard to the relief sought in the Motion that have not been
7 withdrawn, waived, settled, or otherwise dealt with as expressly provided herein and in the Bidding
8 Procedures Order, and all reservation of rights included in such objections, are overruled on the merits
9 with prejudice.

10 3. Pursuant to sections 105(a), 363(b), 363(f), and 365 of the Bankruptcy Code, the
11 Transaction, including the transfer and sale of the Purchased Assets to BBI on the terms set forth in
12 the APA, a copy of which is attached as Exhibit “1” to Docket No 176, is approved in all respects, and
13 the Debtors are authorized and directed to consummate the Transaction in accordance with the APA,
14 including, without limitation, by executing all of the Transaction Documents and taking all actions
15 necessary and appropriate to effectuate and consummate the Transaction (including the transfer and
16 sale of the Purchased Assets) in consideration of the Purchase Price upon the terms set forth in the
17 APA, including, without limitation, assuming and assigning to BBI the Designated Contracts. The
18 Debtors and BBI shall have the right to make any mutually agreeable, non-material changes to the
19 APA which shall be in writing signed by both parties without further order of the Court and provided
20 that the OCEH and the OCUC do not object to such changes. Any objection by the OCEH or the
21 OCUC to any such changes will be resolved by the Court.

22 4. As of the Closing, (i) the Transaction set forth in the APA shall effect a legal, valid,
23 enforceable and effective transfer and sale of the Purchased Assets to BBI free and clear of all
24 Encumbrances, as further set forth in the APA and this Sale Order; and (ii) the APA, and the other
25 Transaction Documents, and the Transaction, shall be enforceable against and binding upon, and not
26 subject to rejection or avoidance by, the Debtors, any successor thereto including a trustee or estate
27 representative appointed in the Bankruptcy Cases, and all other persons and entities.

28 5. Subject to the fulfillment of the terms and conditions of the APA, this Sale Order

1 shall, as of the Closing, be considered and constitute for all purposes a full and complete general
2 assignment, conveyance, and transfer of the Purchased Assets and/or a bill of sale transferring all of
3 the Debtors' rights, title and interest in and to the Purchased Assets to BBI. Consistent with, but not in
4 limitation of the foregoing, each and every federal, state, and local governmental agency or
5 department is hereby authorized and directed to accept all documents and instruments necessary and
6 appropriate to consummate the transactions contemplated by the APA and approved in this Sale
7 Order.

8 6. Any person or entity that is currently, or on the Closing Date may be, in possession of
9 some or all of the Purchased Assets is hereby directed to surrender possession of such Purchased
10 Assets either to (a) the Debtors before the Closing or (b) to BBI or its designee upon the Closing.

11 7. The transfer of the Purchased Assets pursuant to the Transaction Documents is a
12 legal, valid, and effective transfer and shall, in accordance with sections 105(a) and 363(f) of the
13 Bankruptcy Code, and upon consummation of the Transaction, including, without limitation, payment
14 of the Purchase Price to the Debtors, vest BBI with all right, title, and interest in the Purchased Assets,
15 free and clear of all Encumbrances.

16 8. Following the Closing, no holder of any Encumbrance against the Debtors or the
17 Purchased Assets shall interfere with BBI's respective rights in, title to or use and enjoyment of the
18 Purchased Assets. All valid and perfected Encumbrances in the Purchased Assets shall attach to the
19 net Purchase Price proceeds attributable to the Purchased Assets immediately upon receipt of such
20 Purchase Price proceeds by the Debtors in the order of priority, and with the same validity, force and
21 effect, which such Encumbrances had against such Purchased Assets as of the filing of the Bankruptcy
22 Cases, subject to any rights, claims and defenses the Debtors and their estates may possess with
23 respect thereto.

24 9. BBI shall not be deemed, as a result of any action taken in connection with, or as a
25 result of the Transaction (including the transfer and sale of the Purchased Assets), to: (i) be a
26 successor, continuation or alter ego (or other such similarly situated party) to the Debtors or their
27 estates by reason of any theory of law or equity, including, without limitation, any bulk sales law,
28 doctrine or theory of successor liability, or similar theory or basis of liability; or (ii) have, de facto or

1 otherwise, merged with or into the Debtors; or (iii) be a mere continuation, alter ego, or substantial
2 continuation of the Debtors. Other than the Assumed Liabilities, BBI is not assuming any of the
3 Debtors' debts.

4 10. This Sale Order (i) shall be effective as a determination that, on Closing, all
5 Encumbrances existing against the Purchased Assets before the Closing have been unconditionally
6 released, discharged and terminated, and that the transfers and conveyances described herein have
7 been effected, and (ii) shall be binding upon and shall govern the acts of all persons and entities. If
8 any person or entity that has filed financing statements or other documents or agreements evidencing
9 any Encumbrances against the Purchased Assets shall not have delivered to the Debtors before the
10 Closing, in proper form for filing and executed by the appropriate parties, termination statements,
11 instruments of satisfaction, releases of all Encumbrances which the person or entity has with respect to
12 the Purchased Assets, then BBI and/or the Debtors are hereby authorized to execute and file such
13 statements, instruments, releases and other documents on behalf of the person or entity with respect to
14 such Purchased Assets.

15
16
17 11. In accordance with the Bidding Procedures Order, concurrently with the Closing, the
18 Escrow Agent shall pay to Radians out of the Purchase Price (i) the full amount of Radians' pre-
19 bankruptcy secured debt, plus (ii) the full amount then drawn by the Debtors against the DIP Facility
20 (collectively, the "Radians Payoff Amount"), plus (iii) the Breakup Fee of \$500,000.00. As of
21 October 31, 2017, the Radians Payoff Amount is \$4,813,780.79. Interest accrues on the Radians
22 Payoff Amount from and after October 31, 2017 at a daily per diem of \$2,011.28 until paid. The
23 payment to Radians at the Closing in the amount of the Radians Payoff Amount, including accrued
24 interest from and after October 31, 2017, and the Breakup Fee out of the Purchase Price shall
25 constitute a complete satisfaction of all outstanding indebtedness owing by the Debtors to Radians as
26 of date of payment, and extinguishment of the pre and post-petition liens and security interests on the
27 Purchased Assets of the Debtors' bankruptcy estates as granted to Radians. Radians hereby authorizes
28 BBI to file UCC termination statements with respect to all recorded liens by Radians or Radians'

1 predecessor from whom Radians purchased its pre-bankruptcy secured debt. Nothing in this Sale
2 Order shall be construed to impair or limit in any way the rights of Radians granted in the *Final*
3 *Order: (I) Authorizing The Debtors To (A) Obtain Postpetition Financing Pursuant To 11 U.S.C. §§*
4 *105, 361, 362 And 364, And (B) Utilize Cash Collateral Pursuant To 11 U.S.C. §§ 361, 362, 363 And*
5 *364; (II) Granting Adequate Protection Pursuant To 11 U.S.C. §§ 361, 362, 363 And 364; And (III)*
6 *Granting Related Relief (the “Final DIP Order”)*, except that following the Closing Radians shall
7 have no Encumbrance on or against any of the Purchased Assets (with Radians’ Encumbrances to
8 transfer to the net Purchase Price proceeds as set forth below in this paragraph 11). Radians reserves
9 all rights and remedies as granted to it under the pre-petition Loan Documents and the DIP Agreement
10 to assert possible claims for additional fees and expenses incurred by Radians against the Debtors’
11 bankruptcy estates to the extent Radians is entitled to them under the Loan Documents and the DIP
12 Agreement resulting from an action, threatened action or discovery brought against Radians with all
13 parties reserving all rights. The OCEH and OCUC reserve any and all rights to challenge any claims
14 asserted by Radians for additional fees and expenses. Until such time that the deadline for any claims
15 to be asserted against Radians set forth in the Final DIP Order passes with no such claims asserted, or
16 claims are asserted and are resolved to final order of the Court, Radians valid and perfected
17 Encumbrances in the Purchased Assets for any additional fees and expenses as referenced above shall
18 attach to the net Purchase Price proceeds attributable to the Purchased Assets immediately upon
19 receipt of such Purchase Price proceeds by the Debtors in the same order of priority, and with the
20 same validity, force and effect, which such Encumbrances had against such Purchased Assets as of the
21 filing of the Bankruptcy Cases, subject to any rights, claims and defenses the Debtors and their estates
22 and/or the OCEH and OCUC may possess with respect thereto.

23 12. BBI shall fund the payment of the Purchase Price at the Closing by (i) wire
24 transferring into a segregated trust account (the “Trust Account”) maintained by Levene, Neale,
25 Bender, Yoo & Brill L.L.P. (“Escrow Agent”), which shall serve as the Escrow Agent for this
26 Transaction, the amount of Twenty-Four Million Two Hundred Fifty Thousand Dollars
27 (\$24,250,000.00) and (ii) by transferring title to the One Million Dollar (\$1,000,000.00) deposit
28 that BBI previously provided to the Escrow Agent (the “BBI Deposit”) to the Debtors. The

1 Trust Account shall be maintained by Escrow Agent at First Republic Bank unless otherwise
2 ordered by the Court.

3 13. Concurrently with the Closing or as soon thereafter as is possible, the Escrow Agent
4 shall pay out of the Purchase Price the following amounts to the following parties (collectively, the
5 “Designated Cure Amounts”):

6 Nantong Changbang Gloves Co. - \$1,228,307.56

7 Woneel Midas Leathers - \$785,358.50

8 Mercindo Global Manufaktur - \$444,674.64

9 Marusan – Mimasu Tshusho Co. Ltd. - \$382,811.28

10 Grainger - \$180,000.00 (the “Grainger Cure Payment”)

11 Advantage Media Services - \$178,522.75

12 PT JJ Gloves Indo - \$162,917.76

13 PT Sport Glove Indonesia - \$144,238.66

14 Windspeed Sports Shanghai Co., Ltd. - \$144,198.43

15 Ka Hung Glove Industrial Co. Ltd. - \$38,934.90

16 Synetra - \$37,972.33

17 AML United Limited - \$28,330.56

18 1920 Hutton Court - \$13,257.09

19 PT Seok HWA Indonesia - \$13,174.86

20 Design Gallery (Pvt.) Ltd. - \$12,801.60

21 Desun Garments, Ltd. - \$7,691.75

22 Konica Minolta - \$1,152.31

23 Pitney Bowes - \$452.99

24 Notwithstanding the inclusion of the Grainger Cure Payment on the above list of Designated Cure
25 Payments, and for the avoidance of doubt, neither the GGS Supplier Agreement nor the Grainger
26 Supplier Agreement shall be considered Designated Contracts or Currently Identified Designated
27 Contracts, and the Debtors are not assuming or assuming and assigning to BBI the GGS Supplier
28 Agreement or the Grainger Supplier Agreement.

1 14. To the extent that any of the contracts and/or leases, not including the GGS Supplier
2 Agreement and the Grainger Supplier Agreement, which give rise to the Designated Cure Amounts in
3 paragraph 13 above (the “Currently Identified Designated Contracts”) are executory contracts or
4 unexpired leases (over which the Court is not making any such determination at this time), then in
5 connection with the Closing, the Debtors shall be deemed to have assumed all such Currently
6 Identified Designated Contracts (so that they are deemed part of the Designated Contracts) and to have
7 assigned them to BBI, and BBI shall have assumed all obligations owing under all such Currently
8 Identified Designated Contracts following the Closing. In the event that the Court ultimately
9 determines that any such counter-parties to the Currently Identified Designated Contracts (the
10 “Currently Identified Designated Contract Counter-Parties”) have an allowed claim against the
11 Debtors which exceeds the Designated Cure Amounts, the difference will be paid by the Escrow
12 Agent out of the Purchase Price and shall not be the responsibility of BBI. The Court shall resolve
13 any and all disputes which may arise between the Debtors, BBI and any of the Currently Identified
14 Designated Contract Counter-Parties over whether the Currently Identified Designated Contracts are
15 executory contracts or unexpired leases and whether any of the Currently Identified Designated
16 Contract Counter-Parties are entitled to an allowed claim against the Debtors which exceeds the
17 Designated Cure Amounts.

18 15. All of the Currently Identified Designated Contracts, to the extent they are executory
19 contracts or unexpired leases, shall be part of the Designated Contracts that will be assumed by the
20 Debtors and assigned to BBI at the Closing. In the event that BBI elects to add any other of the
21 Debtors’ executory contracts or unexpired leases to the list of Designated Contracts (“Subsequently
22 Identified Designated Contracts”), BBI must file a notice with the Court at least three business days
23 prior to the Closing identifying all such Subsequently Identified Designated Contracts and serving
24 such notice by over-night mail on all counter-parties to the Subsequently Identified Designated
25 Contracts (“Subsequently Identified Designated Contract Counter-Parties”). All Subsequently
26 Identified Designated Contracts shall be assumed by the Debtors and assigned to BBI at the Closing,
27 with BBI to be obligated to pay all cure amounts owing to such Subsequently Identified Designated
Contract Counter-Parties (the “BBI Cure Amounts”) concurrently with the Closing unless there is a

1 dispute over the amount of any such BBI Cure Amounts, with the Court to resolve any such disputes.

2 The payment by BBI of such BBI Cure Amounts will be in addition to the Purchase Price.

3 16. Other than the Radians Payoff Amount, the Breakup Fee, and the Designated Cure
4 Amounts, all of which shall be paid in full by the Escrow Agent in connection with the Closing, then
5 notwithstanding anything contained in any prior order of the Court, the Escrow Agent shall maintain
6 the remaining balance of the Purchase Price in the Trust Account pending further order of the Court.

7 17. In addition to the payment of the Purchase Price, in connection with the Closing, BBI
8 shall wire transfer to the Escrow Agent the additional amount of Eight Hundred Twenty Thousand
9 Dollars (\$820,000.00) (the “Supplemental Payment”) which Escrow Agent shall maintain in a
10 segregated trust account separate from the Trust Account (the “Separate Trust Account”) pending
11 further order of the Court. Except as set forth solely with respect to PIP and the PIP APA (as each is
12 defined in paragraph 28 below), (i) the Supplier Agreement dated November 9, 2015 (the “GGS
13 Supplier Agreement”) entered into between the Debtors and Grainger Global Sourcing a division
14 of Grainger International, Inc. (“GGS”), and (ii) that certain “Third Amendment to Terms and
15 Conditions to Supplier Agreement By and Between Ironclad Performance Wear Corp. and W.W.
16 Grainger, Inc. dated November 15, 2015, which amended the terms and conditions of that certain
17 Supplier Agreement dated January 1, 2006 (the “Grainger Supplier Agreement”) entered into
18 between the Debtors and W.W. Grainger, Inc. (“Grainger”) are not Designated Contracts and are
19 not being assumed by the Debtors and are not being assigned to BBI. The funds in the Separate
20 Trust Account are to be used solely to pay any damage claim to the extent allowed by the Court
21 in favor of GGS resulting from the Debtors’ rejection of the GGS Supplier Agreement and/or
22 allowed by the Court in favor of Grainger resulting from the Debtors’ rejection of the Grainger
23 Supplier Agreement after taking into account the Grainger Cure Payment (collectively, the
24 “Final Grainger Claim”). If the Final Grainger Claim exceeds One Million Dollars (\$1,000,000)
25 (inclusive of the \$180,000 Grainger Cure Payment), the Final Grainger Claim will be fully
26 satisfied by payment to Grainger of (i) the \$180,000 Grainger Cure Payment to be paid to
27 Grainger by the Escrow Agent at the Closing, plus (ii) the \$820,000 Supplemental Payment to be
28 maintained in the Separate Trust Account to be paid to Grainger and/or GGS (as ordered by the

1 Court or as agreed to by the parties) by the Escrow Agent following the entry of an order of the
2 Court allowing the Final Grainger Claim and such order becoming a final order, plus (iii) any
3 excess to be paid by the Escrow Agent to Grainger and/or GGS (as ordered by the Court or as
4 agreed to by the parties) from the Purchase Price following the entry of an order of the Court
5 allowing the Final Grainger Claim and such order becoming a final order (“Excess Grainger
6 Amount”) and the entry of a further order of the Court authorizing payment of any such Excess
7 Grainger Amount. If the Final Grainger Claim (inclusive of the \$180,000 Grainger Cure
8 Payment) equals or is less than One Million Dollars (\$1,000,000.00), (a) the Final Grainger
9 Claim will be fully satisfied by payment to Grainger of (i) the \$180,000 Grainger Cure Payment
10 to be paid to Grainger by the Escrow Agent at the Closing, plus (ii) an amount from the \$820,000
11 Supplemental Payment maintained in the Separate Trust Account which when added to the
12 \$180,000 Grainger Cure Payment equals the total Final Grainger Claim to be paid to Grainger
13 and/or GGS (as ordered by the Court or as agreed to by the parties) by the Escrow Agent
14 following the entry of an order of the Court allowing the Final Grainger Claim and such order
15 becoming a final order; and (b) promptly after the payment above to Grainger and/or GGS (as
16 ordered by the Court or as agreed to by the parties) has been made in satisfaction of the Final
17 Grainger Claim, the Escrow Agent shall cause the balance in the Separate Trust Account, if any,
18 to be paid promptly to BBI. The Debtors and BBI shall work cooperatively and in good faith,
19 including following the Closing, in a joint effort to minimize the Final Grainger Claim with the
20 Court to resolve any differences between the Debtors and BBI in this regard. The Debtors, BBI,
21 the OCEH and the OCUC shall jointly determine the timing of the Debtors’ rejection of the GGS
22 Supplier Agreement and the Grainger Supplier Agreement, which may occur after the Closing if
23 doing so will help to minimize the Final Grainger Claim. Any such rejection of the GGS
24 Supplier Agreement and the Grainger Supplier Agreement will happen only following the entry
25 of an order of the Court approving such rejection. The Court will resolve any differences
26 between the Debtors and BBI over the timing of the rejection of the GGS Supplier Agreement
27 and the Grainger Supplier Agreement. The Debtors may not assume or assume and assign either
28 the GGS Supplier Agreement and/or the Grainger Supplier Agreement (or assign any rights

1 under either the GGS Supplier Agreement and/or the Grainger Supplier Agreement) without the
2 prior written consent of BBI, which BBI has the right to withhold in its sole and absolute
3 discretion for any reason.

4 18. Upon the Closing, the Debtors are authorized and directed to assume, assign and/or
5 transfer each of the Designated Contracts to BBI, including the Currently Identified Designated
6 Contracts and any Subsequently Identified Designated Contracts. At the Closing, the Escrow Agent
7 shall pay out of the Purchase Price to all Currently Identified Designated Contract Counter-Parties and
8 to Grainger the Designated Cure Amounts identified in paragraph 13 above, and payment of such
9 Designated Cure Amounts by the Escrow Agent to all such Currently Identified Designated
10 Contract Counter-Parties are deemed the necessary and sufficient amounts to "cure" all "defaults"
11 with respect to all such Currently Identified Designated Contracts under section 365(b) of the
12 Bankruptcy Code. The payment by the Escrow Agent of such Designated Cure Amounts to all such
13 Currently Identified Designated Contract Counter-Parties shall (i) effect a cure of all defaults existing
14 under all such Currently Identified Designated Contracts, and (ii) compensate all such Currently
15 Identified Designated Contract Counter-Parties for any actual pecuniary loss resulting from any such
16 default. At the Closing, BBI shall pay (which payment(s) shall be in addition to the Purchase Price) to
17 all Subsequently Identified Designated Contract Counter-Parties the BBI Cure Amounts, and
18 payment of such BBI Cure Amounts by BBI to all such Subsequently Identified Designated
19 Contract Counter-Parties are deemed the necessary and sufficient amounts to "cure" all "defaults"
20 with respect to all such Subsequently Identified Designated Contracts under section 365(b) of the
21 Bankruptcy Code. The payment by BBI of such BBI Cure Amounts to all such Subsequently
22 Identified Designated Contract Counter-Parties shall (i) effect a cure of all defaults existing under all
23 such Subsequently Identified Designated Contracts, and (ii) compensate such Subsequently Identified
24 Designated Contract Counter-Parties for any actual pecuniary loss resulting from any such default.
25 The Debtors shall then have assumed and assigned to BBI, effective as of the Closing, all of the
26 Designated Contracts (comprised of both all Currently Identified Designated Contracts and all
27 Subsequently Identified Designated Contracts, if any), and, pursuant to section 365(f) of the
28 Bankruptcy Code, the assignment by the Debtors of all such Designated Contracts to BBI shall not be

1 a default thereunder. After the payment of the Designated Cure Amounts by the Escrow Agent to the
2 Currently Identified Designated Contract Counter-Parties, neither the Debtors nor BBI shall have any
3 further liabilities to any Currently Identified Designated Contract Counter-Parties other than BBI's
4 obligations under the Currently Identified Designated Contracts that accrue and become due and
5 payable on or after the Closing Date. After the payment of the BBI Cure Amounts by BBI to the
6 Subsequently Identified Designated Contract Counter-Parties, neither the Debtors nor BBI shall have
7 any further liabilities to any Subsequently Identified Designated Contract Counter-Parties other
8 than BBI's obligations under the Subsequently Identified Designated Contracts that accrue and
9 become due and payable on or after the Closing Date. In addition, adequate assurance of future
10 performance has been demonstrated by or on behalf of BBI with respect to all of the Designated
11 Contracts within the meaning of sections 365(b)(1)(c), 365(b)(3) (to the extent applicable) and
12 365(f)(2)(B) of the Bankruptcy Code.

13 19. All of the Currently Identified Designated Contract Counter-Parties and all of
14 Subsequently Identified Designated Contract Counter-Parties are forever barred, estopped, and
15 permanently enjoined from (i) raising or asserting against the Debtors or BBI, or any of their property,
16 any assignment fee, acceleration, default, breach, or claim of pecuniary loss, or condition to
17 assignment, arising under or related to the Designated Contracts, existing as of the Closing, or arising
18 by reason of the consummation of the Transaction contemplated by the APA, including, without
19 limitation, the Transaction and the assumption and assignment of the Designated Contracts, including
20 any asserted breach relating to or arising out of the change-in-control provisions in such Designated
21 Contracts, or any purported written or oral modification to the Designated Contracts and (ii) asserting
22 against BBI any claim, counterclaim, breach, or condition asserted or assertable against the Debtors
23 existing as of the Closing or arising by reason of the transfer of the Purchased Assets, except for the
24 Assumed Liabilities.

25 20. Any provisions in any Designated Contracts that prohibit or condition the assignment
26 of such Designated Contract or allow the counterparty to such Designated Contract to terminate,
27 recapture, impose any penalty, condition on renewal or extension or modify any term or condition
28 upon the assignment of such Designated Contract constitute unenforceable anti-assignment provisions

1 that are void and of no force and effect with respect to the Debtors' assumption and assignment of
2 such Designated Contract to BBI in accordance with the APA.

3 21. The terms and provisions of this Sale Order, as well as the rights granted under the
4 Transaction Documents, shall continue in full force and effect and are binding upon any successor,
5 reorganized Debtors, or chapter 7 or chapter 11 trustee applicable to the Debtors, notwithstanding any
6 such conversion, dismissal or order entry. Nothing contained in any chapter 11 plan confirmed in the
7 Bankruptcy Cases or in any order confirming such a plan, nor any order dismissing the Bankruptcy
8 Cases or converting the Bankruptcy Cases to a case under chapter 7 of the Bankruptcy Code, shall
9 conflict with or derogate from the provisions of the APA, any documents or instruments executed in
10 connection therewith, or the terms of this Sale Order. The provisions of this Sale Order and any
11 actions taken pursuant hereto shall survive any conversion or dismissal of the Bankruptcy Case and
12 the entry of any other order that may be entered in the Bankruptcy Cases, including any order (i)
13 confirming any plan of reorganization; (ii) converting the Bankruptcy Case from chapter 11 to
14 chapter 7; (iii) appointing a trustee or examiner in the Bankruptcy Case; or (iv) dismissing the
15 Bankruptcy Cases.

16 22. The Transaction contemplated by the APA and other Transaction Documents are
17 undertaken without collusion and in "good faith," as that term is defined in section 363(m) of the
18 Bankruptcy Code. BBI is a good faith purchaser within the meaning of section 363(m) of the
19 Bankruptcy Code and, as such, is entitled to the full protections of section 363(m) of the Bankruptcy
20 Code. Accordingly, the reversal or modification on appeal of the authorization provided herein by this
21 Sale Order to consummate the Transaction shall not affect the validity of the sale of the Purchased
22 Assets to BBI.

23 23. The failure to specifically include any particular provision of the APA or the other
24 Transaction Documents in this Sale Order shall not diminish or impair the effectiveness of such
25 provisions, it being the intent of the Bankruptcy Court that the Transaction, the APA and the other
26 Transaction Documents be authorized and approved in their entirety. Likewise, all of the provisions
27 of this Sale Order are non-severable and mutually dependent.

28 24. Notwithstanding Bankruptcy Rules 6004(h), 6006(d), 7062, or 9014, if applicable, or

1 any other Local Bankruptcy Rule or otherwise, this Sale Order shall not be stayed for 14-days after the
2 entry hereof, but shall be effective and enforceable immediately upon entry pursuant to Bankruptcy
3 Rule 6004(h) and 6006(d). Time is of the essence in approving the Transaction (including the transfer
4 and the sale of the Purchased Assets).

5 25. The automatic stay pursuant to section 362 is hereby lifted with respect to the Debtors
6 to the extent necessary, without further order of the Bankruptcy Court, to (i) allow BBI to deliver any
7 notice provided for in the APA and Transaction Documents and (ii) allow BBI to take any and all
8 actions permitted under the APA and Transaction Documents in accordance with the terms and
9 conditions thereof.

10 26. Unless otherwise provided in this Sale Order, to the extent any inconsistency exists
11 between the provisions of the APA and this Sale Order, the provisions contained in this Sale Order
12 shall govern.

13 27. The Bankruptcy Court shall retain exclusive jurisdiction to interpret, construe, and
14 enforce the provisions of the APA and this Sale Order in all respects, and further, including, without
15 limitation, to (i) hear and determine all disputes between the Debtors and/or BBI, as the case may be,
16 and any other non-Debtor party to, among other things, the Designated Contracts concerning, among
17 other things, assignment thereof by the Debtors to BBI and any dispute between BBI and the Debtors
18 as to their respective obligations with respect to any asset, liability, or claim arising hereunder; (ii)
19 compel delivery of the Purchased Assets to BBI free and clear of Encumbrances; (iii) compel the
20 delivery of the Purchase Price or performance of other obligations owed to the Debtors; (iv) interpret,
21 implement, and enforce the provisions of this Sale Order; and (v) protect BBI against (A) claims made
22 related to any of the Excluded Liabilities, (B) any claims of successor or vicarious liability (or similar
23 claims or theories) related to the Purchased Assets or the Designated Contracts, or (C) any
24 Encumbrances asserted on or against BBI or the Purchased Assets.

25 28. Protective Industrial Products, Inc. (“PIP”) is hereby approved as the back-up
26 bidder with a back-up bid of Twenty-Five Million Dollars (\$25,000,000.00) (the “Back Up
27 Purchase Price”). If BBI fails to close the Transaction in accordance with the terms and timing
28 of the APA, BBI shall be deemed to have forfeited the BBI Deposit to the Debtors’ bankruptcy

estates as liquidated damages, with the Court to resolve any dispute in this regard between the Debtors and BBI. The Escrow Agent will continue to hold the One Million Dollar deposit provided to the Escrow Agent by PIP (the "PIP Deposit"). Only if BBI fails to close the Transaction in accordance with the terms and timing of the APA, the sale of the Purchased Assets to PIP pursuant to the terms of the asset purchase agreement provided to the Debtors by PIP on Wednesday, October 25, 2017, as modified on the record at the Auction (the "PIP APA") shall be deemed authorized and approved by this Sale Order. The Debtors shall forthwith provide written notice to PIP (by email to PIP and its counsel) of such failure to close by BBI (the "Back Up Bidder Notice"). The PIP Transaction contemplated by the PIP APA and other Transaction Documents between the Debtors and PIP are deemed by the Court to have been undertaken without collusion and in "good faith," as that term is defined in section 363(m) of the Bankruptcy Code. PIP is a good faith purchaser within the meaning of section 363(m) of the Bankruptcy Code and, as such, is entitled to the full protections of section 363(m) of the Bankruptcy Code. Accordingly, the reversal or modification on appeal of the authorization provided herein by this Sale Order to consummate the PIP Transaction shall not affect the validity of the sale of the Purchased Assets to PIP. Only in the event that BBI fails to close the Transaction in accordance with the terms and timing of the APA, all findings and terms of this Sale Order that apply to BBI shall be deemed to apply to PIP, and all findings and terms of this Sale Order that apply to the APA or to the Transaction shall be deemed to apply to the PIP APA and the PIP Transaction respectively, without the need for any further order of the Court, provided, however, that in such event, and notwithstanding anything to the contrary set forth herein (i) both the GGS Supplier Agreement and the Grainger Supplier Agreement shall be deemed to be included in the definition of Currently Identified Designated Contracts to be assumed by the Debtors and assigned to PIP in connection with such Closing; (ii) paragraph 17 above and the last sentence of paragraph 13 above shall be deemed stricken from this Sale Order and of no further force or effect; and (iii) PIP may seek entry of an amended Sale Order specifically authorizing the PIP Transaction. The Escrow Agent will refund the PIP Deposit to PIP within five (5) business days following the earlier to occur of (i) the Closing of the Transaction with BBI or (ii) the Debtors' failure to deliver a Back Up Bidder Notice on or

1 before November 20, 2017. If the Debtors deliver a Back Up Bidder Notice to PIP on or before
2 November 20, 2017, the PIP Deposit shall be applied to the Back Up Purchase Price to be paid
3 by PIP, forfeited to the Debtors as liquidated damages, or returned to PIP, in accordance with the
4 provisions of Articles II and XI of the PIP APA, provided, however, that the PIP APA shall be
5 deemed modified to provide that the “Outside Closing Date” shall mean the date which is
6 fourteen (14) business days following PIP’s receipt of the Backup Bidder Notice.

7 29. Nothing in this Sale Order shall be construed to impair or limit in any way the rights
8 of the OCEH and the OCUC granted in the Final DIP Order.

9 30. The Debtors (including any successor in interest) and BBI shall make reasonable
10 efforts to retain and preserve all books, records, emails, and other documents relating to the
11 Debtors’ business prior to the filing of the Bankruptcy Cases and shall provide the Securities and
12 Exchange Commission (“SEC”) with reasonable access to all such documents during normal
13 business hours following receipt of not less than seventy-two (72) hours prior written notice from
14 the SEC. No party shall destroy or otherwise abandon any such documents or records without
15 providing the other party and the SEC at least 60 days’ prior written notice of its intent to
16 abandon or destroy such materials, and a reasonable opportunity to obtain possession thereof.

17 31. In accordance with Section 8.4 of the APA, after the Closing, the Debtors are
18 authorized to change their names.

19 32. Upon the entry of this Sale Order, the Debtors are authorized and instructed to
20 return and deliver to Radians the \$1,000,000 deposit previously made by Radians under the
21 Radians APA within one (1) business day of the entry of this Sale Order.

22 33. Following the date of entry of this Sale Order, the Debtors and BBI are
23 authorized to make immaterial changes to the APA without the need for any further of the Court
24 provided that all such changes have been approved in writing by the Debtors, BBI, the OCEH
25 and the OCUC. Any other changes to this Sale Order would require a further order of the Court.

26 34. All of the Debtors’ executory contracts and unexpired leases which are not part
27 of the Designated Contracts shall be deemed rejected effective as of the Closing, subject only to
28 that set forth in paragraphs 17 and 28 above, including with respect to the GGS Supplier

1 Agreement and the Grainger Supplier Agreement. Within seven days following the Closing, the
2 Debtors shall provide notice to all counter-parties to Designated Contracts that their Designated
3 Contract has been assumed by the Debtors and assigned to BBI and including with that notice
4 payment of any associated Cure Amount (unless with the consent of the counter-party the Cure
5 Amount is paid by wire transfer) except with respect to the Designated Cure Amounts which as
6 set forth in paragraph 13 above which shall be paid concurrently with the Closing or as soon
7 thereafter as is possible. Within seven days following the Closing, the Debtors shall provide
8 notice to all counter-parties to all executory contracts and unexpired leases which are not
9 Designated Contracts that their executory contracts and unexpired leases have been rejected by
10 the Debtors effective as of the Closing and notifying such counter-parties that they are required
11 to file with the Court within thirty days following the date of service of the notice any rejection
12 damage claim that they wish to assert.

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Date: November 3, 2017



Martin R Barash
United States Bankruptcy Judge